

FISCAL NOTE

Bill #: SB0049

Title: Revise allocation of RIT interest for enumerated purposes

Primary

Sponsor: Chuck Swysgood

Status: As introduced

Sponsor signature	Date	Dave Lewis, Budget Director	Date
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Fiscal Summary

	<u>FY2000</u> <u>Difference</u>	<u>FY2001</u> <u>Difference</u>
Expenditures:	\$0	\$0
Revenue:		
General Fund	\$0	\$0
State Special Revenue		
02xxx RIT Trust Deposits	\$299,000	\$301,500
02272 Renewable Resources	93,080	41,680
02458 Reclamation & Development	(1,605,324)	(1,644,838)
02070 Hazardous Waste/CERCLA	34,960	98,160
02162 Environmental Quality Protection Fund	21,360	45,060
02289 Groundwater Assessment	124,293	123,703
02216 Water Storage	93,200	93,200
02472 Orphan Share	<u>939,431</u>	<u>941,534</u>
Total	\$0	\$0
 Net Impact on General Fund Balance:	 \$0	 \$0

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact		X	Technical Concerns
	X	Included in the Executive Budget		X	Significant Long Term Impacts

Fiscal Analysis

ASSUMPTIONS:

Department of Natural Resources and Conservation

1. The additional \$2 million allocated in SB49 to the renewable resource account (02272) will be appropriated for grants in HB No. 6.
2. That the \$600,000 per year allocated to the Bureau of Mines and Geology in SB49 will allow for the successful operation of the groundwater assessment program (02289) in Montana.
3. Passage of SB48 would move \$6.61 million of DNRC Trust Land Division expenditures out of general fund into state special revenue and offset the shift of agency appropriations out of RIT funded special revenue accounts into general fund.

Office of Public Instruction

4. School districts deposit metal mines license taxes in a metal mines reserve account. Districts do not deposit metal mine license taxes in the school district general fund.
5. The receipt of metal mines license taxes by a school district does not affect the amount of direct state aid, special education monies, guaranteed tax base aid, transportation aid or school facility payments made to a district by the state.
6. SB49 has no impact on state payments to schools.

Department of Revenue

7. Total RIGWAT collections (including distribution from Oil and Gas Production Tax) are \$2,426,000 and \$2,473,000 in FY 2000 and FY 2001 respectively (ROC).
8. Total metal mines license tax collections are \$6,077,586 and \$5,786,207 in FY 2000 and FY 2001 respectively (ROC).

Department of Environmental Quality

9. The revenue figures used are from the DNRC which is based on revenue estimates from the Revenue Oversight Committee.
10. DEQ's share of the revenue shortfall in accounting entity 02458 Reclamation & Development assumes the agency has 40 percent of the appropriations; therefore, it has 40 percent of the revenue shortfall.

Commissioner of Higher Education

11. This legislation will stabilize program funding at \$600,000 for the 2001 biennium and guarantee that the money would be available.
12. The flat rate would reduce some of the problems in program operations. The Bureau of Mines and Geology could count on the \$600,000 being available and budget accordingly.

FISCAL IMPACT:

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>	<u>FY2001 Biennium</u>
<u>Expenditures:</u>			
TOTAL	0	0	0

Funding:

General Fund (01)

State Special Revenue (02)

02xxx RIT Trust Deposits	299,000	301,500	600,500
02272 Renewable Resources	93,080	41,680	134,760
02458 Reclamation & Development	(1,605,324)	(1,644,838)	(3,250,162)
02070 Hazardous Waste/CERCLA	34,960	98,160	133,120
02162 Environmental Quality Protection Fund	21,360	45,060	66,420
02289 Groundwater Assessment	124,293	123,703	247,997
02216 Water Storage	93,200	93,200	186,400
02472 Orphan Share	939,431	941,534	1,880,966
TOTAL	0	0	0

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

1. SB 49 increases funding to the Renewable Resource Grant Program. Local governments are the primary recipient of these grant funds and will receive nearly all of the additional \$2 million per biennium. Because irrigation projects compete strongly in this program, Vision 2005 supports this increase.
2. SB49 also increases the funding to the Orphan Share account, which provides funding for remediation projects where the party responsible for the contamination no longer exists. Local governments will benefit from this increase in funding as a result of increased clean-up activities in their jurisdiction.
3. Finally, SB49 provides stable and sufficient funding for the groundwater assessment program administered by the MT Bureau of Mines and Geology. This assessment program will provide valuable information to local governments about groundwater within their jurisdictions.

LONG-RANGE IMPACTS:

Department of Natural Resources and Conservation

1. SB49 addresses the RIT short fall, which has existed for the past several biennia.

Department of Environmental Quality

2. If the revenue, such as the metalliferous mine tax or interest that feeds the Resource Indemnity Trust falls dramatically, this bill will have a more significant negative impact on DEQ than current law. DEQ could lose RIT dollars that are used to match federal grant dollars. If that were to happen, for every RIT dollar lost DEQ would also lose two to three federal grant dollars.

TECHNICAL NOTES:

Department of Natural Resources

1. SB49 does not affect appropriations directly. However, the change in revenue allocations provides the ability of the Legislature in HB2 and in HB6 to implement this reallocation of RIT funds towards grants and remediation and away from funding natural resource agencies.
2. The Resource Indemnity Trust will grow at an increased rate.
3. The impacts shown in this fiscal note are further described in the attached worksheets submitted to OBPP.

Commissioner of Higher Education

4. CHE is concerned that \$300,000 of the funding would still come from tax proceeds rather than RIT trust interest. Persistent efforts to sunset the tax could, if successful, create a 50% shortfall in support.